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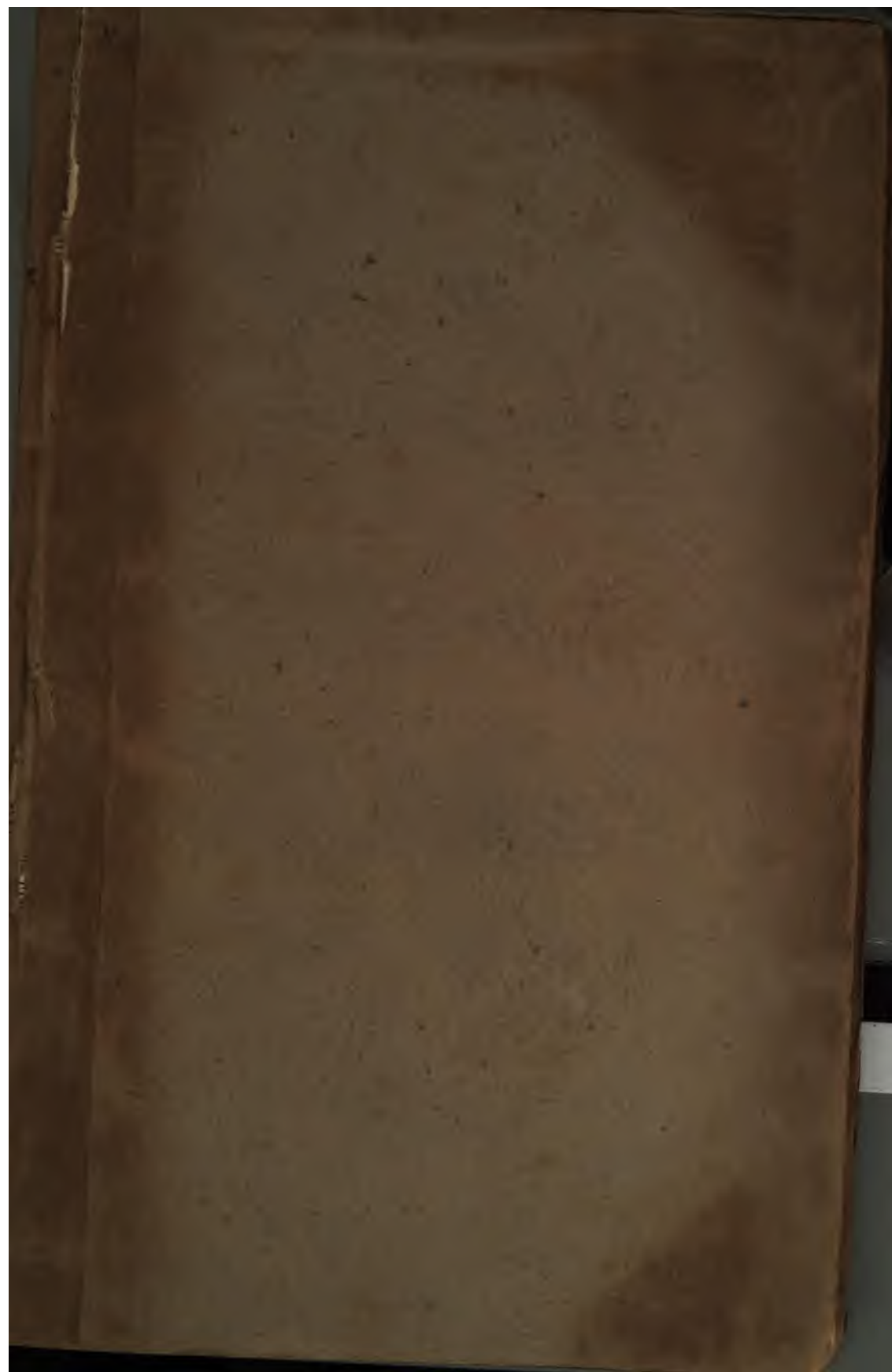
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J.H. 1826
A DEFENCE

OF OUR

LAWS AGAINST USURY;

BY AN INQUIRY

INTO THE CAUSES AND CONSEQUENCES OF THE SEVERAL
REDUCTIONS IN THE
RATE OF INTEREST IN ENGLAND

PROVING THAT

THE REPEAL OF THOSE LAWS IS CONTRARY TO ALL SOUND
PRECEPTS OF POLITICS AND MORALS;

AND THAT

EVEN A FURTHER REDUCTION IN THE RATE OF INTEREST
WOULD BE MORE BENEFICIAL FOR THE KINGDOM.

"For one Man to advance his profit by the disprofit of another Man, is
more against nature than Death."——CICERO.

BY THE AUTHOR

OF AN INQUIRY INTO THE EFFECTS OF THE DEBASEMENT
OF OUR SILVER COINS, INTITLED
THE BANK OF ENGLAND DEFENDED.

LONDON:

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P R E F A C E.

SOME reasons against the Repeal of the Usury Laws have been recently published, and the Author has ably examined what would be the most obvious and important practical effects of the projected repeal upon the different classes of community. So far, therefore, the task of exposing the mischiefs which would be felt from the licensed operation of Usury on certain classes is unnecessary; but there are most material points, which, though not overlooked, have not been brought forward in that prominent manner their high importance demands.

In a moral view, how far superior is the consideration of benefits arising from the performance of duties enjoined by all religions, both ancient and modern, but especially by the Christian Religion, than any expectation, however large, of pecuniary profit. In a great commercial country, an augmentation of profit is undoubtedly a proper study and pursuit, and is indeed necessary to its existence; but no worldly

affairs can proceed correctly, and terminate happily, unless conducted on just principles.

The Author has attempted to show the utility of our laws against Usury, by an inquiry into the causes and consequences of the several reductions in the rate of interest in England. To the scholar, there will readily occur instances in which the Romans and all other wise and rich nations endeavoured to restrain the pernicious practices of Usury. To the moral and religious, it is equally unnecessary to advert to the various ancient writers, both Heathen and Christian, and to the powerful admonitions and denunciations in sacred history against Usury.

There are, however, points of pre-eminent utility, arising out of our laws against Usury, which, on consideration, will, it is hoped, induce many, if not all, who have not duly reflected on the consequences of their repeal, but who it is presumed have conscientiously thought that measure more advantageous, to prefer even a further reduction of the rate of interest, as most beneficial for the kingdom.

CONTENTS.

	Page
The periods at which the Rate of Interest was reduced	1
The Facts and Opinions recorded by our Ancestors of the usefulness of our Laws, reducing the Rate of Interest	2
The Increase of Commerce, and the Prosperity of the Country, were consequences of those Restrictions	6
Abatement of Interest advances the Value of Lands in purchase	7
It increases Trade and Commerce	8
Trade did not begin in England till Interest was lowered	9
The number of our Artificers multiplied by it	10
The Employment of the Poor a necessary consequence	11
An Increase of the People necessarily follows . . .	ib.
High Wages, an infallible Evidence of the Riches of a Country	12
The Rate of Wages should be elevated as high as possible	13

	Page
Low Interest, by promoting Agriculture and Commerce, augments Profits	14
Low Interest augments the Profits and Value of Lands	16
Extracts of Mr. Bentham's Defence of Usury	17
Extracts of Sir Thomas Culpeper's Work against Usury	19
Difference between the Profits from use of Money and Houses or other things	23
The Value of Government Securities depends on a low Rate of Interest	24
Charity and Kindness towards the Poor and unfortunate were the object of the Jewish Laws	25
A stated and low Rate of Interest is absolutely necessary	27

A DEFENCE
OF OUR
LAWS AGAINST USURY.

OUR ancient laws declared that all *unlawful chevisance* and Usury should be extirpate; all brokers of such bargains should be set in the pillory, put to open shame, be half a year imprisoned, and pay twenty pounds. By the 37th of Henry VIII. the Rate of Interest was first fixed at ten per cent.; but that statute was repealed by the 5th and 6th of Edward VI. In the 13th year of Elizabeth, the former statute was revived. All contracts and assurances whereby above 10*l.* per cent. should be received, were made void; and brokers and drivers of usurious bargains, were punished as counsellors, attorneys, or advocates in any case of premunire, and, “forasmuch as *all Usury being forbidden by the Law of God is sin and detestable,*” it was enacted, that those who took 10*l.*, or less, per cent. should forfeit the interest, and might be punished by the ecclesiastical laws against Usury.

The periods at which the Rate of Interest was reduced.

By the 21st James I., the Rate of Interest was lowered to eight per cent.; by the 12th Charles II., it was furthered lowered to six per cent.; and finally, it was fixed at the present rate of five per cent. by the 12th of Anne.

There are certain omissions in the Bill now before Parliament, which, however awkwardly the facts recorded by our ancestors might have appeared in that document, are of the highest importance; they being the most unequivocal and positive proof of the utility of those laws.

The following extracts, from the three last Acts, are therefore made.

The facts and opinions recorded by our ancestors of the usefulness of our laws reducing the Rate of Interest.

In the preamble to the Act of James I. it is stated, that there was a very great abatement in the value of land, and other the merchandizes, wares and commodities of the kingdom, both at home and also in foreign parts whither they were transported; that divers subjects of this kingdom, as well the gentry as merchants, farmers, and tradesmen, both for their urgent and necessary occasions for the following their trades, maintenance of their stocks and employments, had borrowed, and then borrowed divers loans of money, wares, merchandize, and other commodities; but, by reason of the said general fall and abatement of the value of land, and the prices of the said merchandize, wares and commodities; *and Interest in loan continuing at so high a rate as 10*l*. in the 100*l*. for a year, did not only make men unable to pay their debts, and continue the maintenance of*

their trade, but their debts daily increasing, they were enforced to sell their lands and stocks, at very low rates, to forsake the use of merchandize and trade, and to give over their leases and farms, and so become unprofitable members to the commonwealth, to the great hurt and hinderance of the same.

These facts and opinions would certainly have appeared rather inconsistent in the recital of a Bill for "repealing the laws which prohibit the taking of Interest for money, or limit the rate thereof." But let us proceed to the next Act, in which it will be found that further experience had confirmed the opinions of the usefulness of those laws.

Forasmuch, states the Act of Charles II., as the abatement of Interest from ten in the hundred in the former times hath been found, by notable experience, beneficial to the advancement of trade, and improvement of lands by good husbandry, with many other considerable advantages to this nation, especially the reducing of it to a nearer proportion with foreign States with whom we traffic. And whereas, *in fresh memory, the like fall from eight to six in the hundred, by a late constant practice, hath found the like success, to the general contentment of this nation, as is visible by several improvements.* And whereas, it is the endeavour of some, at present, to reduce it back again in practice, to the allowance of the statute still in force, to eight in the hundred, to the great

discouragement of ingenuity and industry in ~~the~~ husbandry, trade, and commerce of this nation. None shall take above six per cent.

In this preamble it appears that the abatement of interest had not only caused improvements of lands, and the advancement of trade; but ~~that~~ the increase of wealth having caused an ~~abatement~~ *ment of interest*, to six per cent. (at which it ~~was~~ fixed by Cromwell) it was considered most important to prevent the designs of Usurers, ~~who~~ were attempting to exact more than the ~~rate~~ which had been fixed during the Commonwealth.

To complete this chain of evidence, we ~~shall~~ find, by the Act of Anne, that our ancestors, ~~at~~ the beginning of the last century, thought ~~it~~ absolutely necessary to reduce the high Rate of Interest of six pounds in the hundred. It begins with reciting, that the reductions of Interest by former Acts had, by experience, been found very beneficial to the advancement of trade and improvement of lands; and states, that the heavy burden of the late long and expensive war had been chiefly borne by the owners of the land of this kingdom; by reason whereof, they had been necessitated to contract very large debts, and thereby, and by the abatement in the value of their lands, had become greatly impoverished; that, by reason of the great Interest and profit which had been made of money at home, the foreign trade of this nation had of late years been much neglected, and, at that time, there

was a great abatement in the value of the merchandize, wares, and commodities of this kingdom, both at home and in foreign parts whither they were transported ; and *that, for the redress of these mischiefs and the preventing the increase of the same, it was absolutely necessary to reduce the high Rate of Interest of six pounds in the hundred for a year, to a nearer proportion with the the Interest allowed for money in foreign states.* No person, therefore, should take above five per cent.

Experience has hitherto been considered that solid kind of wisdom which might satisfy the wants of the multitude. New opinions appear, however, to be so fashionable, that in defiance of the recorded sentiments of our ancestors, who felt the beneficial effects of reducing the Rate of Interest, it is now contended, that it will be most advantageous to repeal all our wholesome laws against Usury ; and consequently allow any Rate of Interest to be taken which can be extorted from the necessitous. It seems, however, that in cases where there is no special agreement in writing, custom of trade, or rule or order of a court of law or equity, touching or fixing the Rate of Interest, the Repeal Bill provides that the Interest shall be at the present Rate of five per cent. ; thus confessing that there is a necessity for fixing the Rate in cases of omission or negligence ; but that, in times of distress, it will be an advantage to the unfortunate to permit Usurers to make the largest profits.

The increase of commerce, and the prosperity of the country, were consequences of these restrictions.

Although we cannot rely on the religious opinions of an historian, we may, perhaps, place reliance on his statements of facts. Commerce and industry were, previous to the fifteenth century, at a very low ebb; and he records that, in the time of Henry III. Interest had amounted to an enormous height, and instances occurred of fifty per cent. paid for money. The foreign commerce of England during the reign of Henry VIII. was mostly confined to the Netherlands. In the reign of Edward I. the common Rate of Interest, notwithstanding the laws against Usury, was fourteen per cent. The state of the English manufactures was, in the time of Elizabeth, very low, and foreign wares of almost all kinds had the preference. About the year 1590, there was in London four persons only rated in the subsidy books so high as 400*l*. Henry IV. of France, reduced Interest to 6½ per cent.; an indication, observes the historian, of the great advance of France above England in commerce. Land was then commonly sold in England at ten years' purchase. Interest, during the reign of James I., was at ten per cent, till 1624, when it was reduced to eight. From 1600, it is remarked, that the growth of London in riches and beauty, as well as in number of inhabitants, was prodigious. It doubled every forty years; and consequently, in 1680, it contained four times as many inhabitants as at the beginning of that century.

Yet trade was then in its infancy. The Dutch at that time traded to England with 600 ships, England to Holland with sixty only. The commerce and industry of England increased extremely during the peaceable period of Charles I.'s reign; Interest was reduced to 6l. per cent. during the Commonwealth in the year 1650. Trade was beginning, among the English, to be a matter of general concern; but the Dutch, who, by industry and frugality, (and a low Rate of Interest, even three or four per cent.) were enabled to undersell them in every market, retained possession of the most lucrative branches of commerce. The commerce and riches of England did never, during any period, increase so fast, as from the restoration to the revolution. The two Dutch wars, by disturbing the trade of that republic, promoted the navigation of this island; and after Charles II. had made a separate peace with the States, his subjects enjoyed unmolested the trade of Europe.

In these brief extracts from the History of England,* it may be seen that the increase of commerce and the prosperity of the country, were not only coeval with the several reductions in the Rate of Interest, but were the consequences of these wise restrictions. We will now examine in what manner they operated.

An abatement of Interest by law, is the means of improving the riches of the country, by

Abatement of Interest advances the value of lands on purchase.

* Hume's.

advancing the value of land in purchase, improvement in the rent of farms, increase of foreign trade, increase of artificers, inclining the nation to economy, employment of the poor, increasing the stock of people, and advancing the value of government securities, by which the public debts may be liquidated.

That the abatement of Interest will advance the value of lands is proved by experience. In the year 1621, when Interest was at ten per cent. the current price of lands in England was twelve years' purchase, but the abatement of interest greatly advanced lands in purchase, as well as improved rents, by meliorating the lands themselves, the improvements by marling, loaming, draining, &c. having been made since money was eight, six and five per cent., which ten per cent. could not bear. In 1692, when Interest was at six per cent. lands were worth twenty years' purchase; and now that Interest is at five per cent., lands are generally sold at thirty or more years' purchase. That the rents of farms will advance, must necessarily ensue on any material improvements of the lands, which a low rate of Interest only can enable the holders or occupiers of poor lands to undertake.

it increases
trade and
commerce.

It is also by evidence of fact, that an increase of trade has always followed the abatement of our Interest by law. The Acts for reducing the Rates of Interest state, that the abatement of Interest hath been found, by notable experience,

beneficial to the advancement of trade and improvement of lands by good husbandry, with many other considerable advantages to this nation.

When Interest is abated, they who call in their money must either buy land, trade with it, or invest it in Government Securities. If they buy land, the many buyers will raise the price of land. If they trade, they increase the number of traders, and consequently the bulk of trade. When Interest is high, no one will adventure in commerce, unless a much higher profit can be made, it not being worth the trouble and hazard, if we can make five per cent. of our money, sleeping. The measure of our money employed in trade bears an exact proportion to the Interest paid for money.— When money was at ten per cent. in England, no man in his wits would follow any trade whereby he did not procure fourteen or twelve per cent. again, at least; and when Interest was at eight and six per cent. the hopes of twelve or ten, and ten or eight, at least, were necessary.

It is obvious, that as Interest is lowered, our merchants can trade more profitably than other countries, and consequently more men, shipping and stock would be employed, both in our home trade, and foreign commerce. Trade did not begin until the end of Elizabeth's reign, and afterwards increased in the time of James and Charles I., as the Rate of Interest was lessened.

Trade did not begin in England till Interest was lowered.

In 1545, trade was inconsiderable, and the merchants very few and mean; and afterwards, in 1635, within ten years after Interest was reduced to eight per cent., there were more merchants to be found upon the Exchange worth each 1000*l*. and upwards, than were in the former days before the year 1600 to be found worth 100*l*. each.*

In 1692, when Interest had been for about twenty years at six per cent., notwithstanding the long civil wars, and the great complaints of the deadness of trade, there were considered to be more then upon the Exchange worth 10,000*l*. estates, than were previously of 1000*l*.

The abatement of Interest to five per cent. has had most important effects, and there cannot be any reasonable doubt that if it were reduced to four or three per cent., the property and riches of the country will be greatly augmented.

The number of
our artificers
multiplied by it.

If foreign trade be increased, it will be a necessary consequence that our artificers will be multiplied; for wherever there is the greatest trade, there must be most employment; and since the trade of England has increased, our artificers of all kinds have proportionally increased. The building of London hath made multitudes of bricklayers and carpenters; much use of shipping makes many shipwrights; much foreign trade will increase the vent of our manufactures; and much vent will make many

workmen; and if population should not augment our numbers fast enough, we shall draw artizans from foreign parts.

Since our trade has increased, though the generality of the nation are grown richer, yet they are not so much given to hospitality and good housekeeping as in former days, which only tended to nourish idleness, luxury, and beggary; whereas, that other kind of expence, which follows trade, encourages labour, arts, and invention.

The employment of the poor is a necessary consequence, likewise, of the increase of trade in cities, and improvement of lands in the country. An increase of the people of a nation also necessarily follows the increase of trade and improvement of lands. A trading country affords subsistence to more families than a country destitute of trade. Where there is much employment, and good pay, if we want hands of our own, we shall draw them from others; we shall keep our own people at home, which otherwise, for want of employment, would be forced to leave us and serve other nations. Our lands and trade being improved, will render us capable not only of employing, but feeding a greater number of people.

The employment of the poor is a necessary consequence. An increase of the people necessarily follows.

If these have been the effects of abating Interest, there can be no doubt that further abatement will cause an increase of the riches of the kingdom. Low Interest is the mother of frugality, industry

and arts. May we not imagine, that the wisdom of Providence prohibited the Jews from lending upon use one to another, but allowed them to lend to strangers for the enriching of their own nation, and improvement of their own territories, the consequence of the former being only to impoverish one Jew to make another rich.

High wages
an infallible
evidence of the
riches of a
country.

Whenever wages are high, it is an infallible evidence of the riches of that country; and wherever wages for labour run low, it is a proof of the poverty of that place. It is multitudes of people and good laws, which principally enrich any Country: and, if we retrench the labour of the people, we drive them from us to other countries that give better rates. The amount of subsistence falling to each labourer, or the rate of wages, must depend on the proportion which the whole capital bears to the whole amount of the labouring population. If the amount of capital were increased, without a corresponding increase taking place in the population, a larger share of such capital would fall to each individual, or the rate of wages would be augmented; and if, on the other hand, population were increased faster than capital, a less share would be apportioned to each individual, or the rate of wages would be reduced.

There are no means whatever by which the command of the labouring class over the necessities and conveniences of life, can be enlarged other than by accelerating the increase of

capital, as compared with population, or by retarding the increase of population as compared with capital; and every scheme for improving the condition of the labourer, which is not bottomed on this principle, or which has not an increase of the ratio of capital to population for its object, must be completely nugatory and ineffectual.

The example of such individuals, or bodies of individuals, as submit quietly to have their wages reduced, and who are content if they get only the mere necessities of life, ought never to be held up for public imitation; on the contrary, every thing should be done to make such apathy be esteemed disgraceful. The best interest of society requires that the rate of wages should be elevated as high as possible; that a taste for the comforts, luxuries, and enjoyments of human life, should be widely diffused, and, if possible, interwoven with the national habits and prejudices. A low rate of wages, by rendering it impossible for increased exertions to obtain any considerable increase of comforts and enjoyments, effectually hinders any such exertions from ever being made, and, of all others, the most powerful cause of that idleness and apathy which contents itself with what can barely continue animal existence. When the standard of national or necessary wages is high, a man can bear to retrench in a period of scarcity; but he who is habitually and constantly fed on the very

The rate of wages should be elevated as high as possible.

cheapest of food, has plainly nothing to resort to when deprived of it. Labourers placed in this situation are absolutely cut off from every source.

Low Interest
by promoting
agriculture
and commerce,
augments
profits.

The author* of the preceding remarks, on the rates of wages, and who has well explained the principles of political economy, conceived that Sir Josiah Child, and many of our writers on economical subjects, had mistaken the effect of heavy taxation for the cause of wealth; by attributing the great wealth and commercial prosperity of Holland, to the superior advantages of low Interest. The observation appears to arise from his considering Interest of money and profits of trade in the same light, when investigating the laws, regulating the rate of profit, and the increase of capital; as he observes, that in Holland, profits were comparatively low from 1650, downwards, and were considered by the writers he alludes to, as the natural result, and were consequently regarded by them as a convincing proof of the superior advantages of *low profits and Interest*. He also adds that the low rate of profit in Holland, during the eighteenth century, was at once a cause and a symptom of her decline. That Sir William Temple, in his *Observations on the Netherlands*, written about 1670, mentions that the trade of Holland had then passed its zenith; that the vast capitals of the Dutch merchants had been

* Mr. M'Culloch.

principally amassed previously to the wars, in which the Republic was engaged with Cromwell, Charles II., and Louis XIV., when the rate of profit was much higher than at any subsequent period.

To consider low profits advantageous is certainly erroneous; but it is manifest, that the lower the Rate of Interest, the more easily can trade and commerce, by means of loans, be carried on for low profits. Sir Josiah Child, in enumerating the means whereby the Dutch had advanced their trade, states fourteen peculiar customs and laws, and concludes with the lowness of Interest of money with them, which, in peaceable times, did not exceed three per cent.; and was then (1669), during their war with England, not above four per cent.; but his reasoning, the substance of which is given in the preceding pages, was to demonstrate, that by a low Rate of Interest, agriculture and commerce were promoted, and *profits augmented*.

There cannot be any public utility in a high Rate of Interest; it impoverishes one to enrich another. The only sufferers by a low Interest, are "those who swell their own purses by the sweat of other men's brows, and the contrivances of other men's brains." An abatement of Interest tends to enrich a nation, and has been one great cause of the riches of this kingdom; for, if trade enriches, and lowering of Interest advances trade, which appears to be sufficiently proved, then the

abatement of Interest, or restraining of Usury is the primary and principal cause of the richness of any nation.

Low Interest
augments the
profits and va-
lue of lands.

Rent is that portion of the produce of the earth, which is paid for the use of the natural and inherent powers of the soil. If buildings have been erected on a farm, or if it has been enclosed, drained, or in any way improved, the sum to be paid for Rent must be sufficient to remunerate the landlords for the use of the capital which has been laid out in its improvement. It is manifest, that a high Rate of Interest will, according to its amount, prevent the use of money in cultivating lands; and that the lower the Rate of Interest, the greater will be the inducement to bring poor lands into cultivation. The proprietors of superior lands obtain high rents on account of their greater fertility. Larger supplies of corn cannot be obtained without cultivating inferior soils; and to enable them to be cultivated, their produce must sell for such a price as will afford the ordinary rate of profit to their cultivators. This price will, however, yield a surplus over and above the ordinary rate of profit to the cultivators of the most fertile lands, and it is *this surplus that forms rent*. The profits and value of land, therefore, will be augmented by a low Rate of Interest. Profits consist of the excess of the commodities produced above those expended in production; the excess will, consequently, be lessened by a high rate, and augmented by a

low Rate of Interest for money, whether employed in agriculture, trade, or commerce.

The value of Government Securities depends on a low Rate of Interest, and consequently on an abundance of money. For this reason, the Government, when they reduced the five per cent. stock, should have also recommended to the Legislature, a reduction of the Rate of Interest to four per cent. ; which would have lessened the lending of money by individuals, as the public would have preferred Government Securities if they could not procure higher Interest. In this view it may be seen how advantageous to Government would be an abatement of Interest, and it would also be beneficial to the public, as by such means the Government Securities would be so much enhanced, that a more rapid liquidation of the debt might be effected.

The value of Government Securities depends on a low Rate of Interest.

There is an important difference between the use of money by individuals, and by a Government, or an establishment like the Bank of England. Usury, by the former, is merely impoverishing one to enrich another. By the latter it would never be exercised harshly, and the Interest to Government, by forming part of the public revenue, would even benefit the debtor. A public fund from which Government might extend relief, in times of general distress, or even to particular classes or individuals embarrassed by circumstances not within their controul, would be the best means of extirpating Usury.

Extracts of
Mr. Bentham's
Defence of
Usury.

"Putting money out at Interest, observes the author of a *Defence of Usury*,* is exchanging present money for future ; but why, a policy which is applied to exchanges in general, would be generally deemed absurd and mischievous, should be deemed necessary in the instance of this particular kind of exchange, mankind are as yet to learn. For him who takes as much as he can get for the use of any other sort of thing,—a house for instance,—there is no particular appellation, nor any mark of disrepute : nobody is ashamed of doing so, nor is it usual so much as to profess to do otherwise. Why a man who takes as much as he can get, be it six, or seven, or eight, or ten per cent. for the use of a sum of money, should be called a Usurer, should be loaded with an opprobrious name, any more than if he had bought a house with it, and made a proportionable profit by the house, is more than I can see."

"Another thing I would also wish to learn is," says the same writer, "why the legislator should be more anxious to limit the Rate of Interest one way, than the other ? Why he should set his face against the owners of that species of property more than of any other ? Why he should make it his business to prevent their getting more than a certain price for the use of it, rather than to prevent their getting less ? Why, in short, he should not take means for making ~~it~~ penal to offer less, for example, than five per cent. ~~to~~

* Mr. Bentham.

as well as to accept more? Let any one that can find an answer to these questions,—it is more than I can do; I except always the distant and imperceptible advantage of sinking the price of goods of all kinds; and in that remote way multiplying the future enjoyments of individuals. But this was a consideration by far too distant and refined, to have been the original ground for confining the limitation to this side.”

That exception is one of the great advantages which has been experienced from a reduction of the Rate of Interest, and it has already been shown, that it was the ground of the limitation; the Acts of Parliament having recorded the advantages found by *notable experience* in the improvement of lands and the advancement of trade. There are also the writings of authors of the seventeenth century corroborating those facts. In the preface to “A Discourse showing the many advantages which would accrue to this Kingdom by the Abatement of Usury, together with the absolute necessity of reducing Interest of Money to the lowest Rate it bears in other Countries, that at least we may trade with our Neighbours upon equal terms,” which was presented to Parliament by Sir Thomas Culpeper, jun. Knt., and published in 1668, he states, “that it was about forty-five years since (*viz.* 21 Jacobi) that my deceased father (being a member of the Parliament for that year) first attempted the bringing down of Interest from ten to eight in the hundred, and published a discourse thereupon; wherein his

Extracts of
Sir Thomas
Culpeper's
work against
Usury.

endeavours (assisted by many patriots of that time) so well succeeded, that a law was then made for that purpose. It passed with all the opposition imaginable; and nothing was left unobjected or unanswered which the wit of man could devise; for it was an untrodden path, and must be hewn out by dint of reason. In regard, none of those arguments wherewith experience hath more happily furnished us in great plenty, could then be produced."

He adds "that at the passing of it, my father often told me, that a member of that Parliament, of as great authority and esteem as any then sitting, and a principal opposer, spoke to this effect:—'That though he could not protest, yet he desired it might be remembered, that he had foreseen and foretold the inconveniences that would ensue;' to which it was by my father replied, 'that he desired it might likewise be remembered, that he had prophesied the many happy effects of it (viz.) to the King in the improvement of his customs; to the landlord in the advancement of his rents, and price of his inheritance; to the merchant in quickness of his trade, and benefits of his returns; to the borrower in the case of his condition, &c.; and issue was joined concerning his Majesty's customs of exportation, as a measure of all the rest.' Not many years after they met again, and my father pleasantly asked him, whether he had lately been at the Custom-house, which he, as readily apprehending, most ingenuously yielded the cause."

“ Soon after this (the author observes) there was a long vacancy of Parliaments till the year 1640, at which time my father (being strengthened with success, and further incited by intelligence from Holland, that they had then newly abated their Interest) set forth another treatise to evince the necessity of reducing money from eight to six ; the ground work whereof was, that till we brought Interest to the same Rate with the Dutch, our design was lame, and our grand competitors would still have the start of us : the business was ready for the Mint, and would certainly have passed, but that it was intercepted by *unnatural discord*.”

In another part of the preface he states “ that in the year 1660, his Majesty being happily restored and the kingdom settled, my father forthwith resumed his design of further abating Interest, as the greatest blessing both to the King and kingdom. But my Lord Culpeper dying (who he knew had the same thoughts, and through whose assistance only he hoped to effect it) he soon gave it over, finding (as he said) that the world was then intent upon other game than trade, and despairing that himself should live to see it. Yet before his death, he recommended the prosecution of it to me, (his executor) together with the payments of his debts ; adding sometimes in jest, that the Usurer and he were not yet even, for he had only scratched the Usurer, the Usurer had stabbed him ; but he hoped he might (without breach of charity) will me, if I could, to revenge

his quarrel by doing good to the Usurer against his will. The same year, viz. 12 Car. 2. (six per cent. being then generally practised) that convention holding it necessary to continue the said practice, confirmed it by a statute, entitled, "An Act for restraining excessive Usury."

"After my father's decease (he continues) I endeavoured what I could to propagate so fruitful a plant. By this time the war with Holland was begun. Some months after the peace was proclaimed, presuming that our late extreme and present exigence could not but conduce to my design, by disposing many who were averse to receive impressions contrary to their former judgments, and affording me, at least, some illustrations; I went to London with full purpose to promote it, but found myself happily prevented by one Mr. Child, a merchant, of known abilities in trade, and choice conversation; who (rising as it were out of my father's dust) did by his own sagacity, find out this hidden vein; and lighting afterwards by mere chance upon one of my father's treatise, modestly reprinted it with its proper date, and annexed it to his own excellent treatise, entitled 'Brief Considerations concerning Trade and Interest of Money,' whose honest endeavours for his king and country's honour, I am bound to assist with my utmost skill and power; and in pursuance thereof have composed this tract, which with all humility I present to your wisdoms."

Were any other evidence necessary than the

Acts of Parliament reducing the Rates of Interest, these tracts would show the progress of opinion confirmed by experience; and it is a curious fact, that the principal reductions were apparently effected by the arguments of one man, the old and stedfast patriot Sir Thomas Culpeper. The statute of the 37 Henry VIII., even in limiting it, declares Usury to be unlawful, and only therefore limited, in order to the repressing of it.

In 1698, Sir Josiah Child published his discourse on trade, recommending a further reduction of the Rate of Interest to three or four per cent. ; from which the arguments used by the author of these pages have been chiefly taken. Let us, however, examine the correctness of the parallel in the case proposed by the author of the Defence of Usury.

The rent of houses, and of course the prices of all commodities, must vary according to the supply and the demand. If the former is deficient, prices rise, if abundant their value diminishes ; but the competition which high prices excite, will sooner or later, according to the means of production, bring prices to a tolerably fair and reasonable amount.

Difference between profits from use of money and houses and other things.

Interest of money will also fall and rise as it becomes abundant and scarce : but the competition which high Interest excites, would, if not restrained by our wholesome laws, plunge those who seek assistance into deeper difficulties ; and in times of distress, all who possessed money would be striving to make the greatest gain,

and the temptation would most probably be a greater injury than the forced sales of property, more particularly if the prices of commodities should not advance before the period for which the loan has been contracted. In most cases, competition instead of reducing Interest to a low and reasonable amount, will keep it higher, thus retarding the means of production, for an increase of money can only be produced by surplus capital, which would be more or less absorbed by the higher Rate of Interest.

In this view the parallel fails completely; the high prices occasion further production of commodities; but high Interest must retard that production. The limitation of the Rate of Interest, for instance at this moment, would in all probability, if removed, enable our merchants and others to procure money on pledging their stock of goods; but for what period must they remain pledged, and at what Rate of Interest? The precise answer is not easy nor necessary; the Rate would no doubt be high: but as our laws restrain usurious contracts, the embarrassed will naturally look for aid from Government, or the Bank of England, and under certain conditions they are equitably entitled to assistance, and it is the wisest policy to give such relief, whenever such extensive distress occurs.

If the laws against Usury be repealed, in what manner can the oppressor of the poor or unfortunate be restrained or punished? The Bill before

Parliament contains of course no provision of that kind, as there would then be a necessity for limiting the Rate; but can it be contended that no amount of Interest, however high, should be deemed usurious? In a moral point of view, it is surely most important to restrain Usury and unjust gain; and not suffer any class greedily to gain of their neighbours by extortion.

From the several passages in sacred history, it appears that the law prohibiting the Jews from lending upon use one to another, and permitting them to lend their money to strangers, did not, as some modern writers assert, originate in a political, and not a moral precept. The object of these laws was not merely to enrich their own nation, and to improve their own territory, but manifestly to inculcate charity and kindness towards their brethren *who had waxen poor*; to prevent the oppression of the poor, and of their brethren *who had fallen into decay, to the end that there might be no poor amongst them*.

Charity and kindness were the objects of the Jewish laws.

The prohibition appears indeed to have been only extended to exorbitant gain. In the first passage wherein the subject is mentioned in Scripture, amongst the laws and ordinances, we find these words:—"If thou lend money to any of my people that is poor by thee, thou shalt not be to him as an Usurer, neither shalt thou lay upon him Usury." From this it may be inferred that some profit might be derived by lending money;

* Exodus, chap. xxii.

but that if the party was poor, the lender should not be to him as an Usurer. In the next passage, concerning the redemption of land and houses, and compassion on the poor, the command was, that “*if thy brother be waxen poor, and fallen in decay with thee, then thou shalt relieve him; yea, though he be a stranger, or a sojourner, that he may live with thee. Take thou no Usury of him, or increase; but fear thy God, that thy brother may live with thee. Thou shalt not give him thy money upon Usury, nor lend him thy victuals for increase.”

In the following passage the law against Usury is repeated. “†Thou shalt not lend upon Usury to thy brother; Usury of money, Usury of victuals, Usury of any thing that is lent upon Usury. Unto a stranger thou mayest lend upon Usury; but unto thy brother thou shalt not lend upon Usury, that the Lord thy God may bless thee in all that thou settest thine hand to in the land whither thou goest to possess it.”

From these and other passages, it appears that the Jews were not prohibited from taking Interest of money, unless it were exorbitant or taken from the poor, and such were the opinions of many ancient writers. Our ancestors, therefore, mistook the matter, in forbidding entirely the use of money; but although money as well as land, houses, and the like, may be let out to

* Leviticus, chap. xxv.

† Deuteronomy, chap. xxiii.

fire, without the breach of one moral or religious duty; yet money contracts of a certain description ought not to be permitted, this being one of the exceptions of the general rule, "that contracts ought to be observed," which the safety and welfare of every society require should be taken out of that rule.

If money were always borrowed with a view only to reproduction, that is, for profitable employment, there would not be the least necessity for limiting the Rate of Interest. No prudent man will borrow money at a high Rate of Interest to carry on speculations in trade, beyond what he has means of his own to conduct. The object of the Usury Laws is to provide for times of difficulty and distress. When money is plentiful, persons of course will always be found to lend it at a low rate. All experience has proved that Usury is committed by men of the most rapacious character; men who have no feeling for the distresses of others. It is therefore a moral duty, as well as wise policy, to restrain Usury, and prevent men from greedily gaining of their neighbours by extortion. The whole of the evidence taken before the select Committee of the House of Commons, in the year 1818, tends, as it naturally must, to prove that the Usury Laws have increased the Rate of Interest *to those who have been obliged to borrow in difficult times.*

We are not to argue from the abuses extrinsic to a beneficial law against the law itself. A ce-

A stated and low rate of interest is absolutely necessary.

lebrated writer,* who was averse to the position of lowering the rate, observed, that is necessary there should be a stated Rate of interest, that young men, and those in want, not too easily be exposed to extortion and oppression, and the dexterous and contriving money-jobbers not have too great and unbounded power to prey upon the ignorance or necessities of borrowers.

Even those who conceive that the repeal of the Usury Laws would be beneficial, allow that some provisions are necessary for protecting certain classes. An eminent barrister,† who was examined by the committee, gave his opinion that no man should lend money at interest, without divulging his name, as the lender on the face of the security, in order that all underhand transactions might be prevented. He also thought, that it should be made penal to lend money at Interest, or by an annuity to an infant, and that the law should place it out of the power of the infant, when he comes of age, to ratify the loan; and allow him to recover it by action, if he actually did pay it, and give him the benefit of a discovery in equity against the lender.

The Bill before Parliament contains no such provisions. Such restrictions would, in fact, as strongly show the necessity of legislative interference in certain contracts of this kind, that, on due consideration, it might be imagined much

* Locke.

† Mr. Sugden.

more preferable to continue the law in its present state, which, by a general rate, embraces all cases, than to attempt the framing of laws, which should guard against particular instances of abuse.

To conclude, it is manifest that the permission to receive any Interest whatever, for the use of money, is in that degree allowing part of the community to exist idly, and live either by the necessities or by the industry of others; it is therefore, absolutely necessary with the view of protecting all classes from oppression, during times of difficulty and distress, and of compelling all classes to maintain themselves, as much as possible, by their own exertions, to limit the Rate of Interest; and the lower it is fixed, the greater will be the benefit to the whole kingdom.

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